

**Public Employees' Retirement Board
EMPLOYEE INVESTMENT ADVISORY COUNCIL**

100 North Park Avenue, Room 201

Helena MT 59601

Thursday, July 28, 2016

10:00 am

ATTENDANCE

Council Members

Patricia Davis, Chair

Tom Schneider, Member

Paul Spengler, Member, Late to arrive

Tim House, Member

Amy Berry, Member

Barb Wagner, Member

Steve Hagen, Member

Jim Penner, Member, Excused

Diane Fladmo, Member

Jeff Bollman, Member

James Helgeson, Member

MPERA Staff

Beth Long, Administrative Assistant

Melanie Symons, Legal Counsel

Bill Holahon, Legal Counsel

Ali Rice, Accountant

Holly Koehler, Fiscal Services Bureau Chief

Presenters

Robert Crosby, Victory Munder

Clay Brethour, Kornitzer Capital/ Buffalo Discovery

Richard Bagshall, Janus Capital

Nick Thompson, Janus Capital

Jon Slinger, Buck Consultants

Anne Cappel, Empower Retirement, via conference call

ACTIONS

III. Approval of EIAC/Board meeting minutes – April 28, 2016 (1:34-1:57)

- Tom Schneider moved to approve the meeting minutes for April 28, 2016. Steve Hagen seconded the motion, which passed unanimously.

Education

IV. **Victory Munder Manager Presentation (1:56-55:40)**

- Robert Crosby, CFA, Senior Portfolio Manager presented The Victory Capital /Munder Capital Overview and explained the recent merger of the two. He went over their Investment Policies, and current Portfolio holdings.

V. **Kornitzer Capital/Buffalo Discovery Presentation (55:51-1:46:21)**

- Clay Brethour, CFA, Co-Manager presented the Funds investment philosophy, overall strategy of their team based management structure and the bottom- up stock selection that they use.

VI. **Janus Capital Presentation (1:46:55-2:32:24)**

- Richard Bagshall, Client Executive, and Nick Thompson, Vice President presented their Smart Growth with more sustainable companies along with the reasonable cost that adds more value and benefits to participants

Actions

VII. **Fund Replacement Review – Buck Consultants (2:32:26-3:05:28)**

- Mr. Slinger went over the materials supplied by the three Mutual Fund presentations regarding the Mid Cap Growth Search. He compared the Net-of-Fee Performance, Risk Analytics, Calendar Year Performance and Peer Group Rankings.
- Ms. Davis asked Mr. Slinger what Buck Consultants would recommend, he stated that they would suggest that Janus Enterprise N Fund would be the choice to replace Victory Munder, if you looked at the fee structure and general characteristics. Paul Spengler moved to approve that Janus Mid Cap Growth Equity will replace Victory Munder Mid Cap. Steve Hagen seconded the motion which passed unanimously.

VIII. **Fund Performance Review-Jon Slinger, Buck Consultants (3:05:43-3:29:51)**

a. Market Review (3:05:43-3:09:29)

Mr. Slinger reviewed current standings and highlights of the Market in General. He also supplied a current Morningstar Addendum listing all the funds that available in both of plans showing their current performance for the last quarter.
No Action Taken.

b. 457(b) (3:09:30-3:23:40)

Mr. Slinger discussed the performance of the funds in the 457(b). No Action Taken.

c. 401(a) (3:23:40-3:29:51)

Mr. Slinger discussed the performance of the funds in the 401(a). No Action Taken.

IX. Re-Evaluation: 457(b) Fee Review- (3:30:14-4:18:35)

- Ms. Davis brought back to the committee the Fee Review, after the Board at their June 9, 2016 meeting asked for more information regarding making a fee change for the 457(b) participants.
- Ms. Davis outlined three possible options for the committee
 - a. Go with the previous suggestion of 40 basis points with a \$300.00 cap per year.
 - b. Stop Revenue Sharing for one year.
 - c. Raise the basis points by 0.11% and have a \$ 15.00 flat fee per year.
- To show how each scenario might work, Ali Rice and Holly Koehler inputted different calculations into their spreadsheet. One scenario showing that raising the basis points by 11, with a \$200.00 cap per year may get us to the goal to cover the \$50,000 that's needed to cover the funds needed in the budget for the new system upgrade. It was also suggested to raise the minimum contribution amount from \$ 10.00 per month to \$ 25.00.
Ms. Davis will check with other plans throughout the country regarding the raise in the contribution amount.
Barb Wagner moved to increase the current graduated asset based point by 0.11% basis points; Tim House seconded the move which passed unanimously.

DISCUSSION

X. DCRP & 457 (B) Plan Summary Review-Anne Cappel, Empower (4:18:35-4:43:15)

- Anne Cappel went through the Executive Summary for both plans for the calendar year January 2015 through December 2015. No Action Taken.

The next meeting is scheduled for October 27, 2016.